United Nations A/60/191

General Assembly

Distr.: General
28 July 2005

Original: English

Sixtieth session

Request for the inclusion of a supplementary item in the agenda of the sixtieth session

Observer status for the Common Fund for Commodities in the General Assembly

Letter dated 18 July 2005 from the Permanent Representative of the United Republic of Tanzania to the United Nations addressed to the Secretary-General

The Permanent Mission of the United Republic of Tanzania to the United Nations has the honour to request, in accordance with rule 14 of the rules of procedure of the General Assembly, the inclusion of an item entitled "Observer status for the Common Fund for Commodities".

An explanatory memorandum (annex I) in support of the above request and a draft resolution (annex II) are attached to the present letter in accordance with rule 20 of the rules of procedure of the General Assembly.

I also have the honour to request that the present letter be circulated as a document of the General Assembly.

(*Signed*) Augustine P. **Mahiga**
Ambassador

05-44547 (E) 030805

Annex I to the letter dated 18 July 2005 from the Permanent Representative of the United Republic of Tanzania to the United Nations addressed to the Secretary-General

Explanatory memorandum

The Agreement Establishing the Common Fund for Commodities (the Fund), which was negotiated under the auspices of the United Nations Conference on Trade and Development (UNCTAD), entered into force on 27 June 1989 and the Fund became operational with its headquarters in Amsterdam, the Netherlands.

The Fund is an intergovernmental financial institution exclusively concerned with commodity development issues and commodity development projects. Currently, the Fund has a membership of 106 countries and three intergovernmental institutions, namely the African Union, the European Community and the Common Market for Eastern and Southern Africa (COMESA). Membership is open to all States Members of the United Nations or of any of its specialized agencies, and to any intergovernmental organization of regional economic integration that exercises competence in fields of activity of the Fund.

Structure of the Fund

The structure of the Fund comprises the Governing Council; the Executive Board and the Managing Director and the staff of the Secretariat. Additionally, there is an external body of technical advisers under the Consultative Committee. The Governing Council is the highest policymaking body and each Member State is represented by a Governor and Alternate Governor. The Executive Board is responsible for the conduct of operations of the Fund and reports to the Governing Council thereon. The Governing Council appoints 28 Executive Directors and one alternate to each Executive Director for a term of two years. The Managing Director is appointed by the Governing Council as the Chief Executive Officer of the Fund and the Chairman of the Executive Board. The Managing Director is responsible for the organization, appointment and dismissal of the staff, pursuant to staff rules and regulations. The Consultative Committee is appointed by the Governing Council to advise the Executive Board on the technical and economic aspects of projects proposed by international commodity bodies.

Functions and objectives

The operations of the Fund mainly comprise of the following main areas of activity:

- Support commodity development measures aimed at improving the structural conditions in markets and at enhancing the long-term competitiveness and prospects of particular commodities. These measures include research and development; productivity and quality improvements; transfer of technology; diversification and processing; improvement of marketing and access to markets;
- Support commodity market development actions that assist developing countries, in particular least developed countries (LDCs), and countries with economies in transition, to function effectively in a liberalized global economy. Projects in this field include physical market development;

enhancement of market infrastructure; facilitation of private sector initiatives; and commodity price risk management.

The support to stabilization of commodity prices through the financing of buffer stocks, as foreseen in the Agreement, has not become operational. The Fund currently assists producers to mitigate price fluctuations through market-based price risk management instruments, in close cooperation with the World Bank and other cooperating institutions.

The Fund was established to serve as a key instrument in attaining the agreed objectives of the Integrated Programme for Commodities (IPC) embodied in UNCTAD resolution 93 (IV) of 30 May 1976. The agreed objectives are:

1. To achieve stable conditions in commodity trade, including avoidance of excessive price fluctuations, at levels which would:
   (a) Be remunerative and just to producers and equitable to consumers;
   (b) Take account of world inflation and changes in the world economic and monetary situations;
   (c) Promote equilibrium between supply and demand within expanding world commodity trade.
2. To improve and sustain the real income of individual developing countries through increased export earnings and to protect them from fluctuations in export earnings, especially from commodities;
3. To seek to improve market access and reliability of supply for primary products and the processed products thereof, bearing in mind the needs and interests of developing countries;
4. To diversify production in developing countries, including food production, and to expand processing of primary products in developing countries with a view to promoting their industrialization and increasing their export earnings;
5. To improve the competitiveness of, and to encourage research and development on the problems of, natural products competing with synthetics and substitutes, and to consider the harmonization, where appropriate, of the production of synthetics and substitutes in developed countries with the supply of natural products produced in developing countries;
6. To improve market structures in the field of raw materials and commodities of export interest to developing countries;
7. To improve marketing, distribution and transport systems for commodity exports of developing countries, including an increase in their participation in these activities and their earnings from them.

In carrying out its development operations, the Fund cooperates closely with international commodity bodies which are international producer-consumer forums dealing with specific commodities and which have been designated by the Fund as international commodity bodies for the purpose of sponsoring project proposals to be financed by the Common Fund for Commodities. Presently, there are 24 such designated international commodity bodies covering over 30 agricultural and mineral commodities of interest to developing countries.

Annex II to the letter dated 18 July 2005 from the Permanent Representative of the United Republic of Tanzania addressed to the Secretary-General

Draft resolution

Observer status for the Common Fund for Commodities in the General Assembly

The General Assembly,

Wishing to promote cooperation between the United Nations and the Common Fund for Commodities,

1. *Decides* to invite the Common Fund for Commodities to participate in the sessions and work of the General Assembly in the capacity of observer;

2. *Requests* the Secretary-General to take the necessary action to implement the present resolution.